

REASONS FOR NOT PROVIDING INFORMATION

Exemption under section 38(1)(b) of FOISA (personal information)

This applies to some of the information requested because it contains personal data of a third party, i.e. Scottish Government official names below Senior Civil Service and their direct contact details. This information has been redacted throughout the documents which are being released. Disclosing this information would contravene the data protection principles in Schedule 1 to the Data Protection Act 1998. This exemption is not subject to the 'public interest test', so we are not required to consider if the public interest in disclosing the information outweighs the public interest in applying the exemption.

Email Chain 1

From Scottish Government to Audit Scotland

All,

Adding Aileen McKechnie, Director of Advanced Learning and Science to the copy list.

(redacted)
Scottish Government
Atlantic Quay
150 Broomielaw
G2 8EE

Tel. (redacted)
Bberry. (redacted)

From: (redacted)
Sent: 05 May 2017 14:13
To: Johnston P (Paul)
Cc: (redacted); Director of Internal Audit; DG Finance Mailbox; Smart P (Paul); (redacted); (redacted); (redacted)
Subject: Scotland's colleges 2017 - draft report for clearance

Dear Mr Johnston

Please find attached a letter from Caroline Gardner, Auditor General for Scotland, and a copy of the draft report Scotland's Colleges 2017 for your comments. As requested in the letter, we would be grateful if you could provide any comments on the report by 25 May 2017.

In accordance with the protocol agreed by Audit Scotland and the Scottish Government, I am copying this email to:

- the Scottish Government liaison officer for the Parliamentary Public Audit Committee
- the Scottish Government Head of Internal Audit
- the Director-General Finance

In addition, I have also copied this email to Paul Smart, (redacted) of the College Policy Team.

You will note from the letter that we plan to meet some of your Scottish Government and Scottish Funding Council colleagues during the clearance period. We would also be happy to meet with you during this period if that would be helpful. If upon reviewing the report you or your colleagues have major concerns over the content or over the length of the clearance period, I would encourage you to contact me as soon as possible to allow us to review.

If responding by email, can I ask that any correspondence is directed to our dedicated email address (colleges_overview@ishare.audit-scotland.gov.uk) to ensure that it is picked up by a member of the team.

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted) E: (redacted)

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Email Chain 2 Scottish Government to Audit Scotland

Thanks (redacted) that's great just wanted to confirm next steps. Summary of the changes will be good.

Thanks

(redacted)

(redacted)

College Provision and Funding
Scottish Government
Atlantic Quay
150 Broomielaw
G2 8EE

Tel. (redacted)

Bberry. (redacted)

From: (redacted)

Sent: 25 May 2017 11:46

To: (redacted)

Cc: (redacted)

Subject: RE: Scotland's colleges 2017 draft report

Hi (redacted)

Its not normal practice for us to share an updated version of the report post-clearance but we can provide a summary of the main changes. It would make more sense to wait until after the AG has reviewed the updated report before we do this.

Its also worth highlighting that a copy of the final report will be issued to the Scottish Government in advance of the publication day of the 22nd of June. This is normally a couple of days before publication.

(redacted)

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(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT
T: (redacted) E: (redacted)
www.audit-scotland.gov.uk



From: (redacted)
Sent: 25 May 2017 11:32
To: (redacted)
Cc: (redacted)
Subject: Scotland's colleges 2017 draft report

Hi (redacted)

Just wanting to check on an update of the draft report, will we see a revised version prior to AG looking over the report?

Regards

(redacted)

(redacted)
Scottish Government
Atlantic Quay
150 Broomielaw
G2 8EE

Tel. (redacted)
Bberry. (redacted)

Email Chain 3 Scottish Government to Audit Scotland

(redacted)

There have been quite a few emails going back and forth today and I just wanted to set out the outstanding issues I have in relation to how the SG funding is presented in your report on colleges.

The change of focus from draft budget figures to SBR figures has made confirming the figures slightly more complex and I know that (redacted) and (redacted) have been exchanging emails to agree the SBR position for the years quoted in your

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report. I believe the original focus was to agree the percentage change in funding and set that in the context of national pay bargaining commitments, however this has no doubt led to some changes within the body of the report and you may want to review this further after considering the following:

- Paragraph 41 sets out the Scottish Government funding and quotes the increase in revenue funding as £6m and equivalent to 1%. It would be helpful to understand where the figure of £6m comes from. Comparing Draft budget 16/17 to draft budget 17/18 gives an increase of £21m. If we are now comparing SBR 16/17 to DB 17/18 the increase is £8.5m and equates to an increase of 2% on the 16/17 position.
- Exhibit 12 is immediately before paragraph 41 in the report and is a chart showing college funding from 2009/10. Focussing on the years 15/16 onwards, I cannot see where the figures quoted for resource come from. They look like they may be real terms figures but using the original draft budget figures as the basis for the real terms calculation.
- Additional capital of £10m allocated at SBR 16/17 has not been reflected in your report. It would be inconsistent to reflect resource changes and ignore capital changes

I hope that this is helpful.

Regards
(redacted)

(redacted)
Finance Directorate
(redacted)

(redacted)

From: (redacted)
Sent: 15 June 2017 17:39
To: (redacted)
Cc: (redacted) Smart P (Paul); (redacted)
Subject: RE: National bargaining - revised wording

Dear all

After further discussion we now understand that the underlying cause of our confusion is that the 2016/17 budget (as presented in the draft 2017/18 budget of December 2016) has been inclusive of the following:

- £12.2 million for Operational pressures within the FE sector, as per ABR
- -£6.0 million for SDS for Employability Fund, as per ABR

These adjust the budget from £530.3M to £536.6M and we subsequently used the higher figure in our analysis. Having given further consideration to comments provided by SFC colleagues, we believe that the figures for 2016/17 should incorporate budget adjustments, but as our focus is on the college sector as a whole we will not make an adjustment to remove the £6 million allocation to SDS (as this is

still directed towards colleges). We have also incorporated a further adjustment of £300k for Bridge2Business, but not the £250k for SMO as again this relates to a college. Our total for 2016/17 therefore is £542.8M (in cash terms).

Similarly for 2015/16 we have incorporated changes to the draft figure for Bridge2Business (£300k) and Developing Young Workforce (£1M). We have not though adjusted for SDS and SMO. Our adjusted cash terms figure for 2015/16 is £531.6M.

For years up to 2014/15, we do not propose to make any changes. These include budget revisions and were subject to discussion and agreement as part of the previous reports on the sector (*Scotland's colleges 2013* and *Scotland's colleges 2015*).

I have attached our updated analysis which incorporates the adjusted cash figures for 2015/16 and 2016/17 and calculates the real terms figures for these. This shows that the changes do not impact on the percentage changes we have already included in the report. It will though slightly change the chart we present.

So in summary, we have sought to ensure consistency over the years, but by including budget revisions (rather than using draft budget figures), as this provides the most up-to-date figures available.

As (redacted) has already indicated, we need now to proceed to publication stage of the report (we have managed to secure a very short additional window). If anyone has any significant concerns about the approach we have adopted here, please can they make them known to me as soon as possible?

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted) E: (redacted)

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From: (redacted)

Sent: 15 June 2017 14:11

To: (redacted)

Cc: (redacted) Paul.Smart@gov.scot; (redacted)

Subject: RE: National bargaining - revised wording

Dear all

To confirm that I am in agreement with (redacted) understanding outlined in the e-mail below (13:13), namely: comparisons between draft budget with no revisions. Consistency is important and therefore, I'd ask that Audit Scotland colleagues to ensure that this approach is applied across all time points where figures are compared.

Kind regards

(redacted)

(redacted)

Telephone: (redacted)

Mobile: (redacted)

From: (redacted)

Sent: 15 June 2017 13:13

To: (redacted)

Cc: (redacted); Smart P (Paul); (redacted); (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

As you are aware SFC are keen to ensure consistency of financial data treatment throughout the report, hence our outstanding point on this.

Based on the draft budget with no budget revisions the revenue budget in **2016-17** was £530.3m – the same as the draft budget with no budget revisions in **2015-16** ie. flat cash. For clarity, in **2017-18** draft budget with no budget revisions in **2017-18** was £551.3m (+£21m on **2016-17 & 2015-16**).

SG colleagues – please can you confirm (or otherwise).

Kind regards,

(redacted)

From: (redacted)

Sent: 15 June 2017 12:29

To: (redacted)

Cc: (redacted) Paul.Smart@gov.scot; (redacted)

Subject: RE: National bargaining - revised wording

Importance: High

Colleagues,

We have now slipped beyond our sign-off deadline for the report. There is an extremely short window in which we can make further adjustments. The data we are discussing was included in the clearance draft and was not queried by Scottish Government colleagues. Given that the text refers to Scottish Government funding, we need to have confirmation from Scottish Government colleagues as to whether they believe a change is required to the report.

Ultimately, this will not affect any of the messages in the report, but I would be keen to ensure we have used financial data consistently as far as is possible. In addition, can I also just clarify that the changes described below mean that the college sector experienced a decrease in funding in 2016-17, compared with 2015-16?

Thanks

(redacted)

From: (redacted)

Sent: 15 June 2017 11:44

To: (redacted)

Cc: (redacted) Paul.Smart@gov.scot; (redacted)

Subject: RE: National bargaining - revised wording

Hi (redacted) and (redacted)

Following on from discussions with Scottish Government I can confirm that the 2016-17 figure of £536.6 million contains the following adjustments:

- £530.3 million as per 2016-17 draft budget
- £12.2 million for Operational pressures within the FE sector, as per ABR
- -£6.0 million for SDS for Employability Fund, as per ABR.

It is our opinion that the draft budget 2016-17 figure of £530.3 million is the figure which should be used, as the £536.6 million is inconsistent with the stated budgets for previous years, which have not been adjusted for the £6 million transfer to SDS.

We would further recommend that the draft budget figure for each year (i.e. not a restated budget from future draft budget publications) is the figure which is used for the available budget. If you feel it is important to capture in-year movements of funds then we would recommend using the budget figure as stated in the Spring Budget Revisions (although we would note that this will make year to year comparisons less meaningful due to factors such as the inclusion of capital to resource transfers in later years). Both of these methods would allow the budget to be tracked back to published figures.

It would be very helpful if our Scottish Government colleagues would confirm their opinion as to the most appropriate figures to be used.

I have attached a spreadsheet which shows the draft budget figure for each year and then the revised budget after the SBR (including a note all of the adjustments which lead to the revised SBR figure).

Many thanks to everyone for their help with this.

Kind regards

(redacted)

(redacted) | Oifigear-Stiùiridh Poileasaidh Maoinachaidh
Funding Policy | Poileasaidh Maoinachaidh

T (redacted)|E (redacted)

Scottish Funding Council | Comhairle Maoineachaidh na h-Alba



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From: (redacted)

Sent: 15 June 2017 10:53

To: (redacted)

Cc: (redacted); Paul.Smart@gov.scot; (redacted)

Subject: RE: National bargaining - revised wording

Hi (redacted),

(redacted) is away from his desk but I know he discussed this with you. Just to confirm, we will be inserting text to the report to make clear that we are referring to the change between 2015-16 (financial year on which the report is predominantly based) and 2017-18 (based on most recent Scottish budget figures).

Hopefully that will resolve your concern.

Best regards

(redacted)

From: (redacted)

Sent: 15 June 2017 10:49

To: (redacted)

Cc: (redacted) Paul.Smart@gov.scot; (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

Following on from our telephone conversation earlier today we agree that from **2015-16** to 2017-18 the real terms increase on the draft budgets with no adjustments for both revenue and capital is c5% (4.7%) and on revenue only it is c1% (1.1%). From our discussion and e-mail exchange yesterday we understood you to be basing this comparison between **2016-17** and 2017-18.

The suggested text below is not clear on this point. **Further clarification/context is required.**

I hope this is helpful.

Kind regards,

(redacted)

From: (redacted)

Sent: 14 June 2017 13:43

To: (redacted)

Cc: (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

Thank you for providing this additional detail.

Key Message feedback:

Per the attached spreadsheet ('SFC GIA ALL' worksheet) shows a total increase (Revenue and Capital combined) from 2016-17 to 2017-18 of 5.1% in cash terms.

This agrees with your statement below.

From the this worksheet, the increase for Revenue only is 1.5%.

This worksheet however includes the NPD and capital/revenue switches and it is therefore not appropriate to use this figure in the report as noted below.

The 'SFC GIA Adjusted' worksheet - which backs out college NPD expenditure and capital/revenue switches - **the Revenue only increase is 3.8%**.

Happy to discuss, if required.

Kind regards,

(redacted)

From: (redacted)

Sent: 14 June 2017 11:35

To: (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

The preceding sentence states:

'Total Scottish Government funding to the college sector will increase by five per cent in 2017/18, though the bulk of this increase relates to a capital project at a single college.'

The percentage increase is based on a real-terms analysis of the December 2016 budget announcement. We have shared our analysis with the Scottish Government who agreed with our figures.

(redacted)

(redacted)

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T: (redacted) **E:** (redacted)

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From: (redacted)
Sent: 14 June 2017 11:26
To: (redacted)
Subject: RE: National bargaining - revised wording

(redacted)

Following on from our conversation – please can you forward some additional text or context to enable me to make comment, or otherwise, on the key message.

Many thanks,

(redacted)

From: (redacted)
Sent: 14 June 2017 09:45
To: (redacted) (redacted)
Cc: (redacted)
Subject: National bargaining - revised wording
Importance: High

Dear all

Further to various further discussions and email exchanges regarding national bargaining over the last few weeks, I have set out below amended text for inclusion in the overview report.

Please note that the Auditor General wants to include a cost estimate for national bargaining in the report. Our focus in the report is on the sector, therefore we are using the only figure we have from the sector. We highlight in the report that this is under consideration by the SFC and the Scottish Government. Our commentary on national bargaining forms a small part of the report and I am keen to ensure it is not disproportionate to the scale and scope of the report overall. Therefore, I have sought to summarise events to provide an accurate, high-level narrative. We are very close to finalising our report so there will be no scope for further amendments after today. So, I would very much welcome your comments on the **factual accuracy** of the text, below:

Key message

Funding for running costs will increase by one per cent, but colleges face a number of financial challenges. In particular, Colleges Scotland estimates that implementing national bargaining could cost around £80 million over three years.

Revised paras 51 and 52 (note para numbers may change in revised report)

National bargaining

51. Pay and conditions negotiations for college staff are now conducted at a sector level, with a negotiating committee comprised of sector and trades union representatives. Prior to this, negotiations took place at each college, which resulted in differences in rates of pay and in terms and conditions. Negotiations are made up of two elements: annual pay increases; and harmonisation of pay and conditions. Annual pay increases for 2015-16 and 2016-17, for both lecturing and support staff, were agreed in 2015 and 2016.

52. Harmonising pay and conditions has been difficult. While negotiations are underway, details have still to be agreed and differences between the parties have already led to some employees taking industrial action. In Colleges Scotland's June 2016 spending review submission to the Scottish Government, it estimated the cost of implementing national bargaining to be £79.5 million over a three year period. Following the latest rounds of negotiation, both the Scottish Government and the SFC have been working with Colleges Scotland to produce a final estimate of the cost of implementing national bargaining and this will be considered as part of the spending review process.

While I can consider other comments, my priority is to ensure that the commentary is factually accurate and I would appreciate if you could consider it in that context.

If you are able to get back to me **by close of play tonight**, that would be very much appreciated. If that is likely to cause you any difficulty, then please contact me as soon as possible.

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted) E: (redacted)

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Email Chain 4

Scottish Government to Audit Scotland

Thank you (redacted)

(redacted)

Finance Business Partner for ES and FW

Finance Directorate

Ext (redacted)



(redacted)

From: (redacted)
Sent: 20 June 2017 12:12
To: (redacted)
Cc: Smart P (Paul); (redacted)
Subject: RE: Colleges - SG funding figures

Hi (redacted)

In our 2015 colleges' report we provided the attached working to explain how we had arrived at our Scottish Government allocation figures. These figures were agreed with the Scottish Government during the course of the 2015 audit. We have used this as the basis of our figure for 2014/15 in this year's report.

Hopefully this is helpful.

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT
T: (redacted) **E:** (redacted)
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From: (redacted)
Sent: 20 June 2017 10:50
To: (redacted)
Cc: (redacted); Paul.Smart@gov.scot;
Subject: RE: Colleges - SG funding figures

Thank you (redacted)

I look forward to seeing the report.

It would be helpful to have more information on how the 14/15 figures are calculated as they are slightly different to what I expected to see but, as you say, that will not impact on the report and is just for our information.

Regards
(redacted)

(redacted)
Finance Business Partner for ES and FW

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www.gov.scot



Finance Directorate

(redacted)

(redacted)

From: (redacted)

Sent: 19 June 2017 16:51

To: (redacted)

Cc: (redacted); Smart P (Paul); (redacted)

Subject: RE: Colleges - SG funding figures

Importance: High

Dear all,

Following consideration of comments from both Scottish Government and SFC colleagues, we have made changes to the report.

We have used funding figures drawn from the budget revisions – while SFC have provided details of additional in-year funding changes, we feel it best to work with figures that we can reconcile to the published budget revisions. Additionally, some budget revisions do not leave the sector and so we have not adjusted for these (for example, transfer to SDS). We note that the figures do not match readily to (redacted) spreadsheet that he circulated earlier this afternoon but, from a brief review, we think we can mostly reconcile his figures to ours.

As you will see below, these changes do not result in any changes to the Key Messages within the report. The main effects of the changes are to the body of the report and to the exhibit on Scottish Government funding allocations to the sector. Details as follows (all figures in real terms):

- Amended the figures on Scottish Government funding – we now report that, between 2015/16 and 2017/18, there is expected to be:
 - an overall increase in funding of £25.3 million (five per cent increase)
 - an increase in revenue funding of £4.7 million (one per cent increase)
 - an increase in capital funding of £20.6 million (81 per cent increase)
- Associated changes to the exhibit:
 - The exhibit will commence with year 2014/15.
 - For 2014/15:
 - Total revenue funding = £525.6 million. We are not making any change to this – this was agreed as part of previous years' reports, and took account of budget revisions.
 - Total capital funding = £27.2 million – this includes budget revisions, to provide consistency with subsequent years.
 - Total funding = £552.8 million
 - For 2015/16:
 - Total revenue funding = £531.3 million – this includes relevant budget revisions.
 - Total capital funding = £25.5 million – this includes relevant budget revisions.
 - Total funding = £556.8 million
 - For 2016/17:
 - Total revenue funding = £535.1 million – this includes relevant budget revisions.
 - Total capital funding = £41.4 million – this includes relevant budget revisions.
 - Total funding = £576.5 million

- For 2017/18 – no change to figures as this is a budget only at this stage:
 - Revenue funding = £536.0 million
 - Capital funding = £46.1 million
 - Total funding = £582.1 million
- Exhibit notes – we have added notes to the exhibit to explain that:
 - We have not included NPD funding allocations in the chart (but we have included the figure for each year).
 - We have not adjusted the figures to reflect the capital to revenue switch (again, we've included the figure for each year).

While I am grateful to you all for freeing up diaries, given that the changes do not impact on the key messages or have any significant effect on the overall tone and content of the report, we do not believe a meeting is now required – apologies for any inconvenience this has caused.

We plan to proceed with publication this Thursday – embargoed copies of the report will be issued electronically tomorrow morning.

If you have any comments, please get in touch. While there will be no further scope to amend the report, any further detail may be useful for media enquiries and subsequent consideration by the Parliament's Public Audit and Post-Legislative Scrutiny Committee.

No doubt there is scope for us to reflect on this experience post-publication and we can pick it up as part of our engagement meetings.

Thanks and best regards
(redacted)

(redacted)

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

T: (redacted) E: (redacted)

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From: (redacted)

Sent: 19 June 2017 16:03

To: (redacted)

Cc: (redacted); Paul.Smart@gov.scot; (redacted)

Subject: RE: Colleges - SG funding figures

Hi all

For info I have attached our latest spreadsheet showing the ABR and SBR revisions. We have produced the totals as per the SBR, but also with a version if you were to back out the SDS transfer and the Capital/Revenue switch.

Many thanks
(redacted)

From: (redacted)
Sent: 19 June 2017 15:05
To: (redacted)
Cc: (redacted) Paul.Smart@gov.scot; (redacted)
Subject: Re: Colleges - SG funding figures

That is fine for me

(redacted)

Sent from my BlackBerry 10 smartphone.

From: (redacted)
Sent: Monday, 19 June 2017 14:28
To: (redacted)
Cc: (redacted); Smart P (Paul); (redacted)
Subject: RE: Colleges - SG funding figures

Colleagues,

Thanks for your responses. Following internal discussions, we're currently making changes to the funding exhibit and associated text – depending on the outcome of this, we may not require the meeting. At this stage, we think the main change will be in capital funding figures (reflecting comments from both (redacted) at SFC and (redacted)) but we are also trying to identify source documents (that are in the public domain) for some of the revenue changes.

In the meantime, could we provisionally hold 10.30 to 11.30 tomorrow in calendars? And could SFC colleagues arrange a meeting room? I think it would be for 6-7 people.

Thanks
(redacted)

From: (redacted)
Sent: 19 June 2017 13:06
To: (redacted)
Cc: (redacted); Paul.Smart@gov.scot; (redacted)
Subject: Re: Colleges - SG funding figures

I am available Tuesday morning. Can meet at SFC offices.

(redacted)
Sent from my BlackBerry 10 smartphone.

From: (redacted)
Sent: Monday, 19 June 2017 10:59

To: (redacted)
Cc: (redacted) Smart P (Paul); (redacted)
Subject: RE: Colleges - SG funding figures

Good Morning, (redacted).

(redacted) is available on Tuesday, 20 June (Edinburgh) anytime but (redacted) could only make Wednesday 21st (Edin or Glasgow).

Hope this helps.

Kind regards,
(redacted)
(redacted) | Co-òrdanaiche na Buidhne
Corporate Services | Seirbheisean Corporra

T (redacted) | E (redacted)

(redacted)
Scottish Funding Council | Comhairle Maoineachaidh na h-Alba



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Sharon

From: (redacted)
Sent: 19 June 2017 10:09
To: (redacted)
Cc: (redacted) Paul.Smart@gov.scot; (redacted)
Subject: RE: Colleges - SG funding figures

(redacted), I am available:

Tuesday 20th June (Edinburgh)
10:30-11:30;
14:30-16:00

Wednesday 21st June (Glasgow)
9:00 – 12:00

(redacted) presence (SG Finance) would be essential for me.

(redacted)
Telephone: (redacted)
Mobile: (redacted)

From: (redacted)
Sent: 19 June 2017 10:02
To: (redacted)
Cc: (redacted)
Subject: Colleges - SG funding figures
Importance: High

(redacted), (redacted),

Given continued concerns/uncertainty around some of these funding figures, we are currently considering delaying publication of our report. I think there is a strong case for us getting together to discuss the funding figures, in order to reach agreement, or at least an agreed understanding, of the funding. The scope to delay the report is very limited (we can delay by perhaps a few days) and so I hope that we can find a suitable time to meet in the next day or two. We would be happy to meet in Glasgow or Edinburgh (including hosting the meeting here).

Can you give me some indication of availability and also whose presence you consider to be essential? I've copied in both (redacted) and (redacted), given they appear to have been most involved up until now. I'm currently checking availability of a couple of colleagues here, to provide any necessary technical input.

Thanks
(redacted)

(redacted)
Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
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Email Chain 5

From: Audit Scotland [<mailto:info@reports.audit-scotland.gov.uk>]
Sent: 20 June 2017 10:30
To: (redacted)
Subject: Advance copy - Scotland's Colleges 2017

You are subscribed to receive email alerts from Audit Scotland.

1. Testing times for colleges from challenging finances and targets

Scotland's colleges have seen improved attainment in the past year but face several financial challenges, and potential difficulties from a declining student population.

Attached is an advance copy of the Auditor General for Scotland report, 'Scotland's Colleges 2017'.

Please note the report is embargoed for publication or broadcast until 00.01 hours on Thursday 22 June 2017.

- [Scotlands Colleges 2017.pdf](#)



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Email Chain 6

From: (redacted)

Sent: 16 June 2017 14:32

To: (redacted)

Subject: RE: National bargaining - revised wording

Are they not used in exhibit 12?

(redacted)

Finance Directorate

(redacted)

(redacted)

From: (redacted)

Sent: 16 June 2017 14:26

To: (redacted)

Subject: RE: National bargaining - revised wording

Hi (redacted)

Just picking this up on my phone, I should have removed the figures in yellow as they are no longer relevant. You are correct in that they relate to the original figures, but these do not feature in the report.

(redacted)

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On Fri, Jun 16, 2017 at 2:20 PM +0100, "(redacted)" wrote:

(redacted)



It is about a couple of figures quoted in your draft report so would be helpful to close it off now if possible

Thanks
(redacted)

(redacted)
Finance Directorate
(redacted)

(redacted)

From: (redacted)
Sent: 16 June 2017 13:53
To: (redacted)
Subject: RE: National bargaining - revised wording

Hi (redacted)

I'm finishing up for the day just now, can we catch up next week?

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT
T: (redacted)**E:** (redacted)
www.audit-scotland.gov.uk

From: (redacted)
Sent: 16 June 2017 13:50
To: (redacted)
Subject: RE: National bargaining - revised wording

(redacted)

Do you have time for a quick chat?

(redacted)
Finance Directorate
(redacted)

(redacted)

From: (redacted)
Sent: 16 June 2017 13:10
To: (redacted)
Subject: RE: National bargaining - revised wording

Hi (redacted)

We are presenting the information both in a chart and in the narrative of the report. The chart will be similar in format to that reported in previous years, see Exhibit 9 in our report from last year ([Scotland's colleges 2016](#)).

In the narrative we refer to the percentage increase from the 2015/16 final budget position to the draft budget for 2017/18, after adjusting for inflation. In total this is a 1% increase, for revenue it is a 1% increase. Our report looks at the financial results for 2015-16 and therefore it is logical to use the final budget figures for 2015/16 as these will relate to these results. The forward looking section then comments on known funding commitments (in real terms) compared to 2015-16.

Hopefully that provides you with the required level of detail. The report will be published next week with advance copies provided to your colleagues in the colleges policy team.

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted) E: (redacted)

www.audit-scotland.gov.uk

From: (redacted)

Sent: 16 June 2017 11:20

To: (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

It would be helpful to see how you are presenting the figures. Is it just to calculate the percentage change in the budgets year on year?

Thanks

(redacted)

(redacted)

Finance Directorate

(redacted)

(redacted)

From: (redacted)

Sent: 16 June 2017 11:15

To: (redacted)

Cc: (redacted) Smart P (Paul); (redacted)|(redacted)

Subject: RE: National bargaining - revised wording

(redacted)

Thanks for getting back to me.

In previous years we have included budget revisions as we want to present the most accurate and up to date information as possible. In order to be consistent with our approach (stretching back several years) we feel that we should include the adjustments. I believe the issue which the SFC originally raised was one of consistency. By including the adjustments, as referred to in my email yesterday afternoon (17:39), we feel we have resolved the consistency issue. (redacted) of the SFC has also stated that he is content with the approach we have adopted.

Happy to take any further thoughts you have.

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted)**E:** (redacted)

www.audit-scotland.gov.uk

From: (redacted)

Sent: 16 June 2017 11:06

To: (redacted)

Cc: (redacted) Paul.Smart@gov.scot; (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

I still feel that the published draft budget figures are the most appropriate figures to use as this is the only publication that reflects the underlying budget position (ie allocation of HMT budgets). As you know, the budget revision documents (ABR and SBR) switch to a GIA view for NDPBs and so the figures reported are not necessarily the underlying budget.

Happy to discuss

(redacted)

(redacted)

Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU
www.gov.scot



Finance Directorate
Ext 47508

(redacted)

From: (redacted)

Sent: 16 June 2017 09:04

To: (redacted)

Cc: (redacted) Smart P (Paul); (redacted)

Subject: RE: National bargaining - revised wording

Hi (redacted)

I'm content with the approach that you are using for 2015-16 onwards. I note that the following ABR/SBR items are not included in your figures:

- SDS for Employability Fund
- NPD Unitary Charge
- Capital/Revenue Switch

As previously reported back I still have differences from your pre 2015-16 figures but I note that you do not intend to revisit these.

Many thanks

(redacted)

(redacted)

(redacted) | Oifigear-Stiùiridh Poileasaidh Maoineachaidh
Funding Policy | Poileasaidh Maoineachaidh

T (redacted) | E (redacted)

Scottish Funding Council | Comhairle Maoineachaidh na h-Alba

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Follow Us:

From: (redacted)

Sent: 15 June 2017 17:39

To: (redacted)

Cc: (redacted) 'Paul.Smart@gov.scot'; (redacted)

Subject: RE: National bargaining - revised wording

Dear all

After further discussion we now understand that the underlying cause of our confusion is that the 2016/17 budget (as presented in the draft 2017/18 budget of December 2016) has been inclusive of the following:

- £12.2 million for Operational pressures within the FE sector, as per ABR
- -£6.0 million for SDS for Employability Fund, as per ABR

These adjust the budget from £530.3M to £536.6M and we subsequently used the higher figure in our analysis. Having given further consideration to comments provided by SFC colleagues, we believe that the figures for 2016/17 should incorporate budget adjustments, but as our focus is on the college sector as a whole we will not make an adjustment to remove the £6 million allocation to SDS (as this is still directed towards colleges). We have also incorporated a further adjustment of £300k for Bridge2Business, but not the £250k for SMO as again this relates to a college. Our total for 2016/17 therefore is £542.8M (in cash terms).

Similarly for 2015/16 we have incorporated changes to the draft figure for Bridge2Business (£300k) and Developing Young Workforce (£1M). We have not though adjusted for SDS and SMO. Our adjusted cash terms figure for 2015/16 is £531.6M.

For years up to 2014/15, we do not propose to make any changes. These include budget revisions and were subject to discussion and agreement as part of the previous reports on the sector (*Scotland's colleges 2013* and *Scotland's colleges 2015*).

I have attached our updated analysis which incorporates the adjusted cash figures for 2015/16 and 2016/17 and calculates the real terms figures for these. This shows that the changes do not impact on the percentage changes we have already included in the report. It will though slightly change the chart we present.

So in summary, we have sought to ensure consistency over the years, but by including budget revisions (rather than using draft budget figures), as this provides the most up-to-date figures available.

As Mark has already indicated, we need now to proceed to publication stage of the report (we have managed to secure a very short additional window). If anyone has any significant concerns about the approach we have adopted here, please can they make them known to me as soon as possible?

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted) E: (redacted)

www.audit-scotland.gov.uk

From: (redacted)
Sent: 15 June 2017 14:11
To: (redacted)
Cc: (redacted) Paul.Smart@gov.scot; (redacted)
Subject: RE: National bargaining - revised wording

Dear all

To confirm that I am in agreement with (redacted) understanding outlined in the e-mail below (13:13), namely: comparisons between draft budget with no revisions. Consistency is important and therefore, I'd ask that Audit Scotland colleagues to ensure that this approach is applied across all time points where figures are compared.

Kind regards

(redacted).

(redacted)
Telephone: (redacted)
Mobile: (redacted)

From: (redacted)
Sent: 15 June 2017 13:13
To: (redacted)
Cc: (redacted) Smart P (Paul); (redacted)
Subject: RE: National bargaining - revised wording

(redacted)

As you are aware SFC are keen to ensure consistency of financial data treatment throughout the report, hence our outstanding point on this.

Based on the draft budget with no budget revisions the revenue budget in **2016-17** was £530.3m – the same as the draft budget with no budget revisions in **2015-16** ie. flat cash. For clarity, in **2017-18** draft budget with no budget revisions in **2017-18** was £551.3m (+£21m on **2016-17 & 2015-16**).

SG colleagues – please can you confirm (or otherwise).

Kind regards,

(redacted)

From: (redacted)
Sent: 15 June 2017 12:29
To: (redacted)

Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU
www.gov.scot



Cc: (redacted) Paul.Smart@gov.scot; (redacted)
Subject: RE: National bargaining - revised wording
Importance: High

Colleagues,

We have now slipped beyond our sign-off deadline for the report. There is an extremely short window in which we can make further adjustments. The data we are discussing was included in the clearance draft and was not queried by Scottish Government colleagues. Given that the text refers to Scottish Government funding, we need to have confirmation from Scottish Government colleagues as to whether they believe a change is required to the report.

Ultimately, this will not affect any of the messages in the report, but I would be keen to ensure we have used financial data consistently as far as is possible. In addition, can I also just clarify that the changes described below mean that the college sector experienced a decrease in funding in 2016-17, compared with 2015-16?

Thanks
(redacted)

From: (redacted)
Sent: 15 June 2017 11:44
To: (redacted)
Cc: (redacted) Paul.Smart@gov.scot; (redacted)
Subject: RE: National bargaining - revised wording

Hi (redacted) and (redacted)

Following on from discussions with Scottish Government I can confirm that the 2016-17 figure of £536.6 million contains the following adjustments:

- £530.3 million as per 2016-17 draft budget
- £12.2 million for Operational pressures within the FE sector, as per ABR
- -£6.0 million for SDS for Employability Fund, as per ABR.

It is our opinion that the draft budget 2016-17 figure of £530.3 million is the figure which should be used, as the £536.6 million is inconsistent with the stated budgets for previous years, which have not been adjusted for the £6 million transfer to SDS.

We would further recommend that the draft budget figure for each year (i.e. not a restated budget from future draft budget publications) is the figure which is used for the available budget. If you feel it is important to capture in-year movements of funds then we would recommend using the budget figure as stated in the Spring Budget Revisions (although we would note that this will make year to year comparisons less meaningful due to factors such as the inclusion of capital to resource transfers in later years). Both of these methods would allow the budget to be tracked back to published figures.

It would be very helpful if our Scottish Government colleagues would confirm their opinion as to the most appropriate figures to be used.

I have attached a spreadsheet which shows the draft budget figure for each year and then the revised budget after the SBR (including a note all of the adjustments which lead to the revised SBR figure).

Many thanks to everyone for their help with this.

Kind regards
(redacted)

(redacted)
(redacted) | Oifigear-Stiùiridh Poileasaidh Maoineachaidh
Funding Policy | Poileasaidh Maoineachaidh

T (redacted) | E (redacted)

Scottish Funding Council | Comhairle Maoineachaidh na h-Alba

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Follow Us:

From: (redacted)
Sent: 15 June 2017 10:53
To: (redacted)
Cc: (redacted) Paul.Smart@gov.scot; v
Subject: RE: National bargaining - revised wording

Hi (redacted),

(redacted) is away from his desk but I know he discussed this with you. Just to confirm, we will be inserting text to the report to make clear that we are referring to the change between 2015-16 (financial year on which the report is predominantly based) and 2017-18 (based on most recent Scottish budget figures).

Hopefully that will resolve your concern.

Best regards
(redacted)

From: (redacted)
Sent: 15 June 2017 10:49
To: (redacted)
Cc: (redacted) Paul.Smart@gov.scot; (redacted)
Subject: RE: National bargaining - revised wording

(redacted)

Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU
www.gov.scot



Following on from our telephone conversation earlier today we agree that from **2015-16** to 2017-18 the real terms increase on the draft budgets with no adjustments for both revenue and capital is c5% (4.7%) and on revenue only it is c1% (1.1%). From our discussion and e-mail exchange yesterday we understood you to be basing this comparison between **2016-17** and 2017-18.

The suggested text below is not clear on this point. **Further clarification/context is required.**

I hope this is helpful.

Kind regards,

(redacted)

From: (redacted)

Sent: 14 June 2017 13:43

To: (redacted)

Cc: (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

Thank you for providing this additional detail.

Key Message feedback:

Per the attached spreadsheet ('SFC GIA ALL' worksheet) shows a total increase (Revenue and Capital combined) from 2016-17 to 2017-18 of 5.1% in cash terms. This agrees with your statement below.

From the this worksheet, the increase for Revenue only is 1.5%.

This worksheet however includes the NPD and capital/revenue switches and it is therefore not appropriate to use this figure in the report as noted below.

The 'SFC GIA Adjusted' worksheet - which backs out college NPD expenditure and capital/revenue switches - **the Revenue only increase is 3.8%**.

Happy to discuss, if required.

Kind regards,

(redacted)

From: (redacted)

Sent: 14 June 2017 11:35

To: (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

The preceding sentence states:

'Total Scottish Government funding to the college sector will increase by five per cent in 2017/18, though the bulk of this increase relates to a capital project at a single college.'

The percentage increase is based on a real-terms analysis of the December 2016 budget announcement. We have shared our analysis with the Scottish Government who agreed with our figures.

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T(redacted)E: (redacted)

www.audit-scotland.gov.uk

From: (redacted)

Sent: 14 June 2017 11:26

To: (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

Following on from our conversation – please can you forward some additional text or context to enable me to make comment, or otherwise, on the key message.

Many thanks,

(redacted)

From: (redacted)

Sent: 14 June 2017 09:45

To: (redacted)

Cc: (redacted)

Subject: National bargaining - revised wording

Importance: High

Dear all

Further to various further discussions and email exchanges regarding national bargaining over the last few weeks, I have set out below amended text for inclusion in the overview report.

Please note that the Auditor General wants to include a cost estimate for national bargaining in the report. Our focus in the report is on the sector, therefore we are using the only figure we have from the sector. We highlight in the report that this is under consideration by the SFC and the Scottish Government. Our commentary on national bargaining forms a small part of the report and I am keen to ensure it is not

disproportionate to the scale and scope of the report overall. Therefore, I have sought to summarise events to provide an accurate, high-level narrative. We are very close to finalising our report so there will be no scope for further amendments after today. So, I would very much welcome your comments on the **factual accuracy** of the text, below:

Key message

Funding for running costs will increase by one per cent, but colleges face a number of financial challenges. In particular, Colleges Scotland estimates that implementing national bargaining could cost around £80 million over three years.

Revised paras 51 and 52 (note para numbers may change in revised report)

National bargaining

51. Pay and conditions negotiations for college staff are now conducted at a sector level, with a negotiating committee comprised of sector and trades union representatives. Prior to this, negotiations took place at each college, which resulted in differences in rates of pay and in terms and conditions. Negotiations are made up of two elements: annual pay increases; and harmonisation of pay and conditions. Annual pay increases for 2015-16 and 2016-17, for both lecturing and support staff, were agreed in 2015 and 2016.

52. Harmonising pay and conditions has been difficult. While negotiations are underway, details have still to be agreed and differences between the parties have already led to some employees taking industrial action. In Colleges Scotland's June 2016 spending review submission to the Scottish Government, it estimated the cost of implementing national bargaining to be £79.5 million over a three year period. Following the latest rounds of negotiation, both the Scottish Government and the SFC have been working with Colleges Scotland to produce a final estimate of the cost of implementing national bargaining and this will be considered as part of the spending review process.

While I can consider other comments, my priority is to ensure that the commentary is factually accurate and I would appreciate if you could consider it in that context.

If you are able to get back to me **by close of play tonight**, that would be very much appreciated. If that is likely to cause you any difficulty, then please contact me as soon as possible.

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted) E: (redacted)

www.audit-scotland.gov.uk

Email Chain 8

From: (redacted)

Sent: 16 June 2017 14:04

To: (redacted)

Cc: (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

Re the spreadsheet you shared, do some of the resource figures highlighted in yellow need changed? For example, taking the 16/17 real terms figures, they look like they have been calculated based on the original figures before budget adjustments and the number in the cell was relating to the answer from that original calculation. It would be helpful to discuss

Regards

(redacted)

(redacted)

Finance Directorate

(redacted)

(redacted)

From: (redacted)

Sent: 15 June 2017 17:39

To: (redacted)

Cc: (redacted) Smart P (Paul); (redacted)

Subject: RE: National bargaining - revised wording

Dear all

After further discussion we now understand that the underlying cause of our confusion is that the 2016/17 budget (as presented in the draft 2017/18 budget of December 2016) has been inclusive of the following:

- £12.2 million for Operational pressures within the FE sector, as per ABR
- -£6.0 million for SDS for Employability Fund, as per ABR

These adjust the budget from £530.3M to £536.6M and we subsequently used the higher figure in our analysis. Having given further consideration to comments provided by SFC colleagues, we believe that the figures for 2016/17 should incorporate budget adjustments, but as our focus is on the college sector as a whole we will not make an adjustment to remove the £6 million allocation to SDS (as this is still directed towards colleges). We have also incorporated a further adjustment of £300k for Bridge2Business, but not the £250k for SMO as again this relates to a college. Our total for 2016/17 therefore is £542.8M (in cash terms).

Similarly for 2015/16 we have incorporated changes to the draft figure for Bridge2Business (£300k) and Developing Young Workforce (£1M). We have not though adjusted for SDS and SMO. Our adjusted cash terms figure for 2015/16 is £531.6M.

For years up to 2014/15, we do not propose to make any changes. These include budget revisions and were subject to discussion and agreement as part of the

previous reports on the sector (*Scotland's colleges 2013* and *Scotland's colleges 2015*).

I have attached our updated analysis which incorporates the adjusted cash figures for 2015/16 and 2016/17 and calculates the real terms figures for these. This shows that the changes do not impact on the percentage changes we have already included in the report. It will though slightly change the chart we present.

So in summary, we have sought to ensure consistency over the years, but by including budget revisions (rather than using draft budget figures), as this provides the most up-to-date figures available.

As Mark has already indicated, we need now to proceed to publication stage of the report (we have managed to secure a very short additional window). If anyone has any significant concerns about the approach we have adopted here, please can they make them known to me as soon as possible?

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted) E: (redacted)

www.audit-scotland.gov.uk



From: (redacted)

Sent: 15 June 2017 14:11

To: (redacted)

Cc: (redacted) Paul.Smart@gov.scot; (redacted)

Subject: RE: National bargaining - revised wording

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Kind regards

(redacted)

(redacted)

Telephone: (redacted)

Mobile: (redacted)

From: (redacted)

Sent: 15 June 2017 13:13

To: (redacted)

Cc: (redacted) Smart P (Paul); (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

As you are aware SFC are keen to ensure consistency of financial data treatment throughout the report, hence our outstanding point on this.

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SG colleagues – please can you confirm (or otherwise).

Kind regards,

(redacted)

From: (redacted)

Sent: 15 June 2017 12:29

To: (redacted)

Cc: (redacted) Paul.Smart@gov.scot; (redacted)

Subject: RE: National bargaining - revised wording

Importance: High

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Thanks

(redacted)

From: (redacted)

Sent: 15 June 2017 11:44

To: (redacted)

Cc: (redacted) Paul.Smart@gov.scot; (redacted)

Subject: RE: National bargaining - revised wording

Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU
www.gov.scot



Hi (redacted) and (redacted)

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We would further recommend that the draft budget figure for each year (i.e. not a restated budget from future draft budget publications) is the figure which is used for the available budget. If you feel it is important to capture in-year movements of funds then we would recommend using the budget figure as stated in the Spring Budget Revisions (although we would note that this will make year to year comparisons less meaningful due to factors such as the inclusion of capital to resource transfers in later years). Both of these methods would allow the budget to be tracked back to published figures.

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Many thanks to everyone for their help with this.

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(redacted)

(redacted)
(redacted) | Oifigear-Stiùiridh Poileasaidh Maoineachaidh
Funding Policy | Poileasaidh Maoineachaidh

T (redacted) | E (redacted)

Scottish Funding Council | Comhairle Maoineachaidh na h-Alba



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From: (redacted)
Sent: 15 June 2017 10:53
To: (redacted)
Cc: (redacted) Paul.Smart@gov.scot; (redacted)
Subject: RE: National bargaining - revised wording

Hi (redacted),

(redacted) is away from his desk but I know he discussed this with you. Just to confirm, we will be inserting text to the report to make clear that we are referring to the change between 2015-16 (financial year on which the report is predominantly based) and 2017-18 (based on most recent Scottish budget figures).

Hopefully that will resolve your concern.

Best regards
(redacted)

From: (redacted)
Sent: 15 June 2017 10:49
To: (redacted)
Cc: (redacted) Paul.Smart@gov.scot; (redacted)
Subject: RE: National bargaining - revised wording

(redacted)

Following on from our telephone conversation earlier today we agree that from **2015-16** to 2017-18 the real terms increase on the draft budgets with no adjustments for both revenue and capital is c5% (4.7%) and on revenue only it is c1% (1.1%). From our discussion and e-mail exchange yesterday we understood you to be basing this comparison between **2016-17** and 2017-18.

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(redacted)

From: (redacted)
Sent: 14 June 2017 13:43
To: (redacted)
Cc: (redacted)
Subject: RE: National bargaining - revised wording

(redacted)

Thank you for providing this additional detail.

Key Message feedback:

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From the this worksheet, the increase for Revenue only is 1.5%. This worksheet however includes the NPD and capital/revenue switches and it is therefore not appropriate to use this figure in the report as noted below.

The 'SFC GIA Adjusted' worksheet - which backs out college NPD expenditure and capital/revenue switches - **the Revenue only increase is 3.8%**.

Happy to discuss, if required.

Kind regards,

(redacted)

From: (redacted)

Sent: 14 June 2017 11:35

To: (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

The preceding sentence states:

'Total Scottish Government funding to the college sector will increase by five per cent in 2017/18, though the bulk of this increase relates to a capital project at a single college.'

The percentage increase is based on a real-terms analysis of the December 2016 budget announcement. We have shared our analysis with the Scottish Government who agreed with our figures.

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted) **E:** (redacted)

www.audit-scotland.gov.uk



From: (redacted)

Sent: 14 June 2017 11:26

To: (redacted)

Subject: RE: National bargaining - revised wording

(redacted)

Following on from our conversation – please can you forward some additional text or context to enable me to make comment, or otherwise, on the key message.

Many thanks,

(redacted)

From: (redacted)

Sent: 14 June 2017 09:45

To: (redacted)

Cc: (redacted)

Subject: National bargaining - revised wording

Importance: High

Dear all

Further to various further discussions and email exchanges regarding national bargaining over the last few weeks, I have set out below amended text for inclusion in the overview report.

Please note that the Auditor General wants to include a cost estimate for national bargaining in the report. Our focus in the report is on the sector, therefore we are using the only figure we have from the sector. We highlight in the report that this is under consideration by the SFC and the Scottish Government. Our commentary on national bargaining forms a small part of the report and I am keen to ensure it is not disproportionate to the scale and scope of the report overall. Therefore, I have sought to summarise events to provide an accurate, high-level narrative. We are very close to finalising our report so there will be no scope for further amendments after today. So, I would very much welcome your comments on the **factual accuracy** of the text, below:

Key message

Funding for running costs will increase by one per cent, but colleges face a number of financial challenges. In particular, Colleges Scotland estimates that implementing national bargaining could cost around £80 million over three years.

Revised paras 51 and 52 (note para numbers may change in revised report)

National bargaining

51. Pay and conditions negotiations for college staff are now conducted at a sector level, with a negotiating committee comprised of sector and trades union representatives. Prior to this, negotiations took place at each college, which resulted in differences in rates of pay and in terms and conditions. Negotiations are made up of two elements: annual pay increases; and harmonisation of pay and conditions. Annual pay increases for 2015-16 and 2016-17, for both lecturing and support staff, were agreed in 2015 and 2016.

52. Harmonising pay and conditions has been difficult. While negotiations are underway, details have still to be agreed and differences between the parties have already led to some employees taking industrial action. In Colleges Scotland's June 2016 spending review submission to the Scottish Government, it estimated the cost

of implementing national bargaining to be £79.5 million over a three year period. Following the latest rounds of negotiation, both the Scottish Government and the SFC have been working with Colleges Scotland to produce a final estimate of the cost of implementing national bargaining and this will be considered as part of the spending review process.

While I can consider other comments, my priority is to ensure that the commentary is factually accurate and I would appreciate if you could consider it in that context.

If you are able to get back to me **by close of play tonight**, that would be very much appreciated. If that is likely to cause you any difficulty, then please contact me as soon as possible.

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

T: (redacted) E: (redacted)

www.audit-scotland.gov.uk



Email Chain 9

From: (redacted)

Sent: 16 June 2017 16:37

To: (redacted)

Cc: (redacted)

Subject: RE: Urgent: RE: National bargaining - revised wording

(redacted) / (redacted)

Paragraph 5 of the draft report confirms that all figures in the report are in real-terms. This is shown in paragraph 6 of the final report and we have added additional text to confirm that 2015-16 is the base year.

The £6m increase quoted in the draft report related to the difference between the 2015/16 allocation and the 2017/18 allocation (in real terms). We cleared these real-terms figures past your colleagues during the course of the audit.

In line with the above, I can confirm that exhibit 12 is in real terms.

Following comments from the SFC we have revised the figures for 2015/16 and 2016/17 to take into account in year budget revisions as per my email at 17:39 yesterday. The result of this is that the increase from the final budget for 2015/16 to 2017/18 is slightly reduced. These figures are shown in cells H14 (for 2015/16) and J14 (for 2017/18) in the tab titled '2017 analysis' in the spreadsheet attached to the email I sent yesterday. The figure for 2016/17 is shown in cell I14 and has changed

from the £529M in the draft. We have made the required changes to the exhibit and to the text in light of these changes.

(redacted)

(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT
T: (redacted) E: (redacted)
www.audit-scotland.gov.uk



From: (redacted)
Sent: 16 June 2017 14:28
To: (redacted)
Cc: (redacted)
Subject: RE: Urgent: RE: National bargaining - revised wording

(redacted) and all

If the explanation is SBR 16/17 to draft budget 17/18 it should be £8.5m increase and that equates to 1.6% of the 16/17 figure

Exhibit 12 may be in real terms (and I have queried these calculations) but it doesn't say so

Regards
(redacted)

(redacted)
Finance Directorate
(redacted)

(redacted)

From: (redacted)
Sent: 16 June 2017 14:21
To: (redacted)
Cc: (redacted)
Subject: FW: Urgent: RE: National bargaining - revised wording

(redacted), grateful if you can consider – comments below based on the version of the report attached.

(redacted)

Telephone: (redacted)

Mobile: (redacted)

From: (redacted)

Sent: 16 June 2017 13:31

To: (redacted)

Cc: (redacted)

Subject: RE: Urgent: RE: National bargaining - revised wording

(redacted)

Do you know if the figure quoted for increase of revenue funding (para 41 in the version I am looking at) has been changed? It says £6m but should be £21m revenue. Also the figure for 16/17 in the table above that para (exhibit 12) is also wrong as it should be £530m not 529.

These sections may now be changed as AS seem to be working from SBR figures now but we should ask about these paras as well as the pay bargaining one

(redacted)

(redacted)

Finance Directorate

(redacted)

(redacted)

Email Chain 10

From: (redacted)

Sent: 24 May 2017 10:27

To: (redacted)

Cc: (redacted); Director of Internal Audit; DG Finance Mailbox; Smart P (Paul); (redacted); Johnston P (Paul); DG Learning & Justice

Subject: RE: Scotland's colleges 2017 - draft report for clearance

Dear (redacted)

Please find attached Paul Johnston's response to Caroline Gardiner's letter of 5 May.

Kind regards

Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU
www.gov.scot



(redacted)

(redacted) | [The Scottish Government](#) | (redacted) | Support Team for DG Communities and DG Learning & Justice | Area 3F North, Victoria Quay and Room 1N.11, St Andrew's House | Edinburgh | Direct Dial: 0131 244 8617



From: (redacted)

Sent: 05 May 2017 14:13

To: Johnston P (Paul)

Cc: (redacted) Director of Internal Audit; DG Finance Mailbox; Smart P (Paul); (redacted)

Subject: Scotland's colleges 2017 - draft report for clearance

Dear Mr Johnston

Please find attached a letter from Caroline Gardner, Auditor General for Scotland, and a copy of the draft report Scotland's Colleges 2017 for your comments. As requested in the letter, we would be grateful if you could provide any comments on the report **by 25 May 2017**.

In accordance with the protocol agreed by Audit Scotland and the Scottish Government, I am copying this email to:

- the Scottish Government liaison officer for the Parliamentary Public Audit Committee
- the Scottish Government Head of Internal Audit
- the Director-General Finance

In addition, I have also copied this email to Paul Smart, (redacted) of the College Policy Team.

You will note from the letter that we plan to meet some of your Scottish Government and Scottish Funding Council colleagues during the clearance period. We would also be happy to meet with you during this period if that would be helpful. If upon reviewing the report you or your colleagues have major concerns over the content or over the length of the clearance period, I would encourage you to contact me as soon as possible to allow us to review.

If responding by email, can I ask that any correspondence is directed to our dedicated email address (colleges_overview@ishare.audit-scotland.gov.uk) to ensure that it is picked up by a member of the team.

(redacted)
(redacted)

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT
T: (redacted) E: (redacted)
www.audit-scotland.gov.uk

